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BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

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OCT 11 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )  
 )  
Policies and Rules Implementing ) CC Docket No. 93-22  
the Telephone Disclosure and Dispute )  
Resolution Act )

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COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

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SOUTHWESTERN BELL TELEPHONE COMPANY

Robert M. Lynch  
Richard C. Hartgrove  
J. Paul Walters, Jr.

Attorneys for  
Southwestern Bell Telephone Company

One Bell Center, Room 3520  
St. Louis, Missouri 63101  
(314) 235-2507

October 10, 1994

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COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY

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### SUMMARY\*

The Commission proposes to amend its rules to require 800 service presubscription agreements to be in writing and signed by the subscriber to the line being billed. To get around the new requirement, some IPs may begin offering written presubscription agreements as contest entries and the like. SWBT thus suggests that the rules be amended to prohibit presubscription or comparable agreements from containing the word "free" or discussing any contest, charity or arrangement other than the agreement to pay charges for the information service offered.

The amended rules should not require the billing company to verify that an appropriate presubscription agreement exists. Nor should the billing company be required to verify that the statement is addressed to the individual who entered into the presubscription arrangement. These proposals will not, in any way, provide reliable verification and will impose intolerable financial and resource burdens on LECs.

Because the proposed amended rules would apply only to "pay-per-call" services, defined as ones "for which the caller pays a per-call or per-time-interval charge that is greater than, or in addition to the charge for transmission of the call," IPs can circumvent the proposed amendments by instructing customers to dial the IP's access code, or the access code of an affiliate, followed by a POTS number. The customer will then be billed at the rate

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\* All abbreviations used herein are referenced within the text.

contained in the filed federal tariff of the IP or its affiliate, a rate ostensibly applying only to carriage, but actually including not only carriage but also be the IP's charge for the information provided.

To avoid this, the amended rules should contain a definition of "Information Service" which makes clear that an entity which provides any information at all to the calling party (with the exception of directory services) is providing an "information service," even if the calling party is charged only for call transport pursuant to a filed tariff.

The proposed amendments to the existing rules would require a written presubscription requirement with respect to information services accessed via 800 numbers. To ensure that the requirement of a written presubscription agreement does not simply move IPs to other dialing patterns, the rules' coverage should extend to the use of all dialing patterns for interstate or international information services, other than those billed to a commercial credit card or accessed via the 900 prefix.

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Since passage of the TDDRA<sup>1</sup> and promulgation of the Commission's Rules implementing the statute,<sup>2</sup> some Information Providers (IPs) have shifted business from 900 to 800 service and have learned to establish the required credit relationship at the beginning of the call. The Commission now proposes amended rules that would require the credit relationship to be established in writing prior to the call.<sup>3</sup>

This may not solve the problem, because some IPs are already shifting programming away from 800 service to POTS and international numbers, and billing customers only tariffed rates for transport, rates which have built into them a charge for the information service as well. Southwestern Bell Telephone Company (SWBT) proposes that the Commission amend its Rules to make clear

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<sup>1</sup> Telephone Disclosure and Dispute Resolution Act, 47 U.S.C. § 228.

<sup>2</sup> Policies and Rules Implementing the Telephone Disclosure and Dispute Resolution Act, Report and Order, CC Docket No. 93-22, 8 FCC Rcd 6885 (1993).

<sup>3</sup> In the Matter of Policies and Rules Implementing the Telephone Disclosure and Dispute Resolution Act, Order on Reconsideration and Further Notice of Proposed Rule Making, CC Docket No. 93-22, released August 31, 1994, para. 29 (FNPRM).

that an entity which provides any information at all to the calling party (with the exclusion of directory services) is providing an "information service," even if the calling party is charged only for call transport pursuant to a filed tariff. SWBT also recommends that the Rules be amended to require written presubscription agreements for information service provided pursuant to all interstate/international dialing patterns. If these steps are taken, then Ips, even with filed tariffs, will not be able to include their charges for information service in tariffed transport rates, unless they have a written presubscription agreement with the customer, entered into prior to the call.

I. PROPOSAL THAT PRESUBSCRIPTION AGREEMENTS BE IN WRITING.

The TDDRA was created in response to the public's outcry over the often objectionable services and charges associated with 900 calling. Parents were dismayed at the content and prices of the programs their children accessed, and businesses with unsupervised phones wanted to know how calls to 900 numbers could be blocked. Basically, the TDDRA sought to protect consumers from deceptive practices while not unduly burdening IPs. The statute limited information services to 900 access and mandated severe notice and billing requirements, with the intent that charges would be understood before they were incurred.

However, the Act permits pay-per-call services to be accessed via 800 numbers, rather than 900, if "the calling party has a presubscription or comparable arrangement." This provision

has led certain IPs to take the same type of programs and prices that have angered the public when offered over a 900 prefix and offer them with 800 number access, claiming to have a "presubscription agreement." Use of the 800 dialing pattern has thwarted the educational efforts of parents and the blocking efforts of telephone subscribers with respect to 900 numbers; consumer complaints of deception have intensified.

The Commission now proposes to amend its rules to require 800 service presubscription agreements to be in writing and signed by the local exchange customer of the line being billed. SWBT agrees that something must be done to curb insufficient presubscription agreements but urges the Commission not to limit those more stringent requirements to information services accessed via an 800 number. Although the current proposal may achieve the benefit of preserving the integrity of 800 numbers,<sup>4</sup> the Commission risks moving the problem to other dialing patterns if it limits the mandate to those information services accessed through 800 numbers.

SWBT submits that a written presubscription agreement be a prerequisite for all interstate or international information services (other than directory services, information services accessed via the 900 prefix or those services billed to a commercial credit card).

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<sup>4</sup> SWBT believes this is an important benefit and agrees with the Commission's conclusion at Paragraph 25 that consumer blocking of access for 800 information services is not desirable. Despite the consumer complaints SWBT has heard over 800 number information services, SWBT has not found consumers wanting to block their access to the many 800 numbers they enjoy calling on a toll-free basis.

The Commission asks whether the proposed rule changes will be sufficient to guard against deception and evasion by IPs.<sup>5</sup> SWBT suspects that the requirement that presubscription agreements be in writing will lead some unscrupulous IPs away from using an 800 number, but will not lead to any greater understanding by consumers. Rather than eliminating calls for information programs by those lacking authority, SWBT believes the written presubscription process may be so onerous that IPs will abandon use of 800 access rather than comply with the new requirement. It does not follow that the programs will no longer be offered. What SWBT fears is that certain IPs will either look for new dialing processes that arguably fall outside the amended rules or, worse, submit calls for billing in formats that are not accurate, yet are indistinguishable from traditional MTS calls. Based on previous conduct of some service providers, this fear is not unfounded. If new dialing patterns are substituted for those covered by the rules, consumers will be confused and further frustrated in their efforts to be spared charges for unwanted programs. Although consumers now appreciate the distinction between a 900 number and others, there is no similar level of understanding with respect to when an individual is being instructed to dial (or transferred to) an international number or the network of a carrier other than his/her primary interexchange carrier.

To get around the new requirement of a written presubscription agreement, some IPs might begin offering such

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<sup>5</sup> FNPRM, ¶ 31.



agreements as contest entries and the like. For example, a supermarket coupon may allow customers to enter a contest with thousands of dollars in prizes. All one must do is fill out the coupon and mail it. In small print on the back, the coupon announces that by signing the document and mailing it to the IP, the customer has agreed to establish a credit relationship. Technically, this would satisfy the proposed amended rule.

SWBT thus suggests that a new subsection be added to Section 64.1505(b) to prohibit the use of promotional gimmicks to induce consumers to sign the agreements: "A written presubscription or comparable agreement shall not contain the word 'free' or advertise any contest, charity or arrangement other than the agreement to pay charges for the information service(s) offered."

The Commission has proposed as an exception to the written presubscription requirement the use of a credit card "generally available for the purchase of consumer goods, entertainment, travel and lodging."<sup>6</sup> This would exclude use of calling cards issued by telephone companies (or IPs) that do not conform to the ISO/CCITT standards for a telecommunications card. These standards require cards to be issued in the "891" format which allows for multiple uses of the card. In other words, such cards can be used for telecommunications and commercial purchases. Calling cards issued in formats of 14 or less digits do not meet

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<sup>6</sup> Id., para. 29.

the ISO/CCITT standards and, thus, cannot be used by IPs to establish presubscription arrangements.

To further protect its customers from potential abuse of this distinction between credit cards and calling cards, SWBT plans to add functionality to its Line Information Data Base (LIDB) in the first quarter of 1995 that will, for example, block use of its customers' billing information for 800 and 900 services. Known as LIDB Selective Call Blocking (SCB), this functionality would deny calls to 800 and 900 services billed on a calling card, collect or third number basis. The customer protection benefit of this arrangement can only be realized, however, if IPs validate billing information through access to the various LIDBs, and include the true called number (800 or 900 number) in their validation queries. The customer protection benefit will also not be realized if IPs are allowed to advertise use of POTS numbers for their services. SWBT thus proposes that IPs be required to validate all billing information to determine, to the extent possible, if such can be used for information services.

## II. PROPOSAL THAT BILLING LECS OBTAIN EVIDENCE OF COMPLIANCE.

In an attempt to protect consumers, the proposed rules, at section 64.1510(b)(1), would require billing LECs to bill end-users "only after obtaining evidence" of a valid presubscription agreement between the IP and the person being billed, and to "address the bill to that person." Carriers best protect consumers, however, when they readily remove disputed information service charges from telephone bills.

The example of customer choice of Preferred Interexchange Carrier (PIC) is instructive. LECs often obtain "evidence" of PIC changes from certain interexchange carriers (IXCs) in the form of letters of agency (LOAs). Even though an LOA may contain what appears to be a valid signature, a consumer may still complain of "slamming," i.e., that the person signing the document lacked authority, and/or that the customer did not understand in signing the document that he/she was changing the "PIC'd" carrier. The PIC change form requirements are relatively simple when compared to the questions that could arise regarding the validity of presubscription agreements. LECs cannot know for certain if a presubscription agreement sets out all material terms, because the LEC gets its information about the agreement from the billing customer. Even if a billing LEC wanted to review presubscription agreements for adequacy and were somehow able to match them against the name of the person to be billed,<sup>7</sup> LECs simply don't have enough information about IP activities and promotions to protect consumers.

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<sup>7</sup> Due to the volume of messages (SWBT bills 150 million messages per month) and consumers (SWBT serves over 10 million customers), LEC billing systems are of necessity mechanized. To comply with the proposed amendment, SWBT employees would be forced to verify presubscription agreements and billing directives manually. Individual customers could have presubscription agreements with many different IPs. Although SWBT bills for eight to ten clearinghouses, SWBT believes those billing customers submit messages on behalf of hundreds of IPs. Each IP may have unlimited programs, changeable at will, and SWBT personnel cannot be expected to verify the adequacy of a particular presubscription arrangement at the time a given call is placed. SWBT simply cannot quantify the costs that would be incurred if it were required to manually process the potential volume of presubscription agreements that could exist.

Today, by contract, billing LECs require their billing customers to submit only certain messages for billing and/or to submit messages in certain formats. The LECs should be entitled to rely on billing customers to abide by those contractual requirements, yet some customers fail to do so. There is no reason to believe that billing LECs would have any greater success in obtaining contractual compliance from deceptive customers if the LEC were required to "obtain evidence" of a presubscription agreement from those companies. It is reasonable to assume that a deceptive company could manufacture the needed evidence (or disguise the message as one with respect to which no such evidence was needed), and the LEC would still be left with a deceived customer complaining about LEC billing. When that occurs, the LEC should remove the charges from the telephone bill, advising the consumer that the IP may nonetheless seek to collect unpaid charges independently.

At paragraph 26 of the FNPRM, the Commission recognizes that consumers have a right not to be billed for information services provided in violation of the law. This is beyond dispute. However, the paragraph starts with a sentence that needs clarification: "LECs that bill for IPs offering presubscribed information services do so under contractual agreements with IPs." In SWBT's case, its billing contracts are not directly with an IP. Rather, SWBT's contractual agreement is with a carrier or a billing clearinghouse, and the IP's contract is directly with the carrier

or clearinghouse.<sup>8</sup> Instead of requiring the billing LEC attempt to track down information about a program at the point of billing (which is after the questionable call has been made), the Commission should impose oversight obligations upon parties and events occurring before the placement of the call, for example, the contract between the carrier and the IP. The carrier is in the best position to insist upon evidence that a valid presubscription process is in place, because the carrier, not the billing LEC, knows when and under what terms it has agreed to do business with the IP.

### III. AVOIDING THE TDDRA ALTOGETHER.

The proposed rule changes, without additions, may have little, if any, effect upon IPs, because the amended rules will apply only to "pay-per-call" services, defined as ones "for which the caller pays a per-call or per-time-interval charge that is greater than, or in addition to the charge for transmission of the call."<sup>9</sup> Obviously, if the charge for the information service is imposed as part of the "charge for the transmission of the call," then there is no "pay-per-call" service, and the rules do not apply.

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<sup>8</sup> Over the years, SWBT has been informed by carriers/clearinghouses that the contractual limitations that SWBT puts in its billing contracts are "passed on" to the IPs under contract to the carriers/clearinghouses. When SWBT seeks information from its billing customer as to the particulars of a given program, it is not uncommon for SWBT to be advised by a billing customer that it lacks information about the IP's program.

<sup>9</sup> 47 C.F.R. 64.1501(a).

Assume that an IP's advertising instructs a caller to dial the access code of XYZ Communications, followed by a POTS number. Assume further that XYZ, a wholly owned subsidiary of the IP, files a tariff with the FCC, establishing toll rates of \$5.00 per minute. Someone dialing the access code and POTS number is connected to a "chat line" or "sex line." The person to whom the line is billed ultimately receives a statement from XYZ Communications, based on tariffed rates filed with the Commission, solely for the cost of interexchange transmission. No bill is rendered by the IP for the information service. Of course, because the tariffed rate is so high, the subscriber pays for both carriage and information service. Because the charge is not greater than the charge for transmission of the call, however, the Commission's rules do not apply. Because the Commission generally does not police the "tariffs" of "non-dominant" carriers, XYZ Communications can file whatever rate it pleases.

The Commission itself recognizes a variation of these facts. Some IPs offer services over directly-dialed international telephone numbers, and charges are assessed at the tariffed rate applicable to all telephone calls to the particular foreign location. "Because charges do not exceed the tariffed rate, international information services do not fall within the statutory definition of pay-per-call services and, consequently, are not subject to federal regulations governing pay-per-call services."<sup>10</sup>

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<sup>10</sup> FNPRM, ftnt. 36.

Footnote 1 of the FNPRM speaks of pay-per-call services as being those for which "charges exceeding normal tariffed transmission rates are assessed [emphasis added]." The problem is that some of the rates being tariffed far exceed the rates that the average consumer believes to be "normal" for typical long distance transmission.

The obvious objective of providing information services through 10XXX dialing or collect calls is to get the calling party onto the network of a carrier other than the calling or billed party's "PIC'd" carrier.<sup>11</sup> The Commission observes that "it does not appear to be economically viable for IPs to place collect calls to consumers . . . [because] such calls could be billed only at the tariffed rate, and the IP would not be compensated for the calls unless it were affiliated with the carrier or received a commission . . . [which] would appear to be both illegal and an effort by the carrier to evade the requirements of the TDDRA . . . ." <sup>12</sup>

Notwithstanding the illegality of the practice, SWBT believes that IPs today are receiving compensation for the information service offered through tariffed common carriage rates. The attached

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<sup>11</sup> In investigating consumer complaints, SWBT has on occasion attempted to dial into certain programs using its PIC'd carrier and been advised that access can only be achieved by dialing 10XXX. If the IP were not being provided a split of the tariffed charges of the 10XXX carrier, there would be no reason for the IP to limit its program to the caller willing to access it over the 10XXX carrier's network. Similarly, in investigating complaints, SWBT has repeatedly heard IP programs tout to callers that "there is no charge other than the per-minute [transmission charge]." If there is no charge other than the one that has been tariffed, how is the IP being compensated except through receipt of some of the tariffed charge?

<sup>12</sup> FNPRM, ¶ 26.

advertisements from the August 1994 issue of Info Text demonstrate the efforts of some IPs to instruct callers to "dial around the rules." 10XXX dialing, whether international or interstate, is promoted, yet consumers fail to appreciate that they are making an international call, or that they are using the network of some unknown carrier.

Rather than awaiting customer complaints and then exploring whether 10XXX blocking and/or international blocking can be made available,<sup>13</sup> the Commission should consider whether these dialing patterns can be brought within the consumer protection measures of the TDDRA.<sup>14</sup>

The proposed amended rules recognize this potential problem by adding the phrase "or any other information service" to Section 64.1504. Specifically, the Commission proposes to amend Section 64.1504 to prohibit 800 numbers being used to connect the calling party "to a pay-per-call service or any other information service" not provided pursuant to a presubscription agreement [emphasis added]. However, the proposed rule is limited to calls initiated through an 800 number. SWBT suggests that Section 64.1504 not be limited to 800 access, but rather read:

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<sup>13</sup> As with 800 numbers, consumers should not have to choose between blocking all 10XXX dialing capability or all international capability in an effort to avoid unwanted charges for information services.

<sup>14</sup> Although SWBT's comments are directed primarily to 10XXX and international dialing patterns, it is equally clear that the public needs to be protected with respect to emerging dialing patterns, such as 500 access codes. Rather than attempt to itemize existing and future access configurations, the Commission's rules should reach all information services.



common carriers shall prohibit, by contract or tariff, the use of any telephone number, in interstate and/or foreign communications, in a manner that could result in . . . .

The Commission should include in the amended regulations a definition of "Information Service" which makes clear that an entity which provides any information at all to the calling party (excluding directory services) is providing an "information service," even if the calling party is charged only for call transport pursuant to a filed tariff. SWBT recommends the following language:

"The term 'information service' means any service:

(a) for which any person provides or purports to provide information or entertainment produced or packaged by such person, or access to simultaneous voice conversation services, or any service, including the provision of a product, the charges for which are assessed on the basis of the completion of the call, including any tariffed charges associated with the call, when the service is accessed via the network of a carrier other than the presubscribed carrier of the customer;

(b) the term "information service" does not include directory services provided by a common carrier or its affiliate or by a local exchange carrier or its affiliate."

Such a definition combined with the proposed revision to Section 64.1504 would prohibit the use of all interstate/international dialing to access XYZ, in the absence of a written presubscription agreement. If these steps are taken, then XYZ Communications, even though it has filed tariffs, will not be able to charge five dollars per minute for call transport unless

it has a written presubscription agreement with the customer, entered into prior to the call.<sup>15</sup>

#### IV. CONCLUSION.


The proposed amendments to the existing rules would require a written presubscription requirement with respect to information services accessed via 800 numbers. To ensure that the requirement of a written presubscription agreement does not simply move IPs to other dialing patterns, the rules' coverage should extend to the use of all dialing patterns for interstate or international information services, other than those billed to a commercial credit card or accessed via the 900 prefix. In doing so, the Commission must define information services broadly to protect consumers from certain IPs' efforts to avoid regulation by being compensated through the collection of rates contained in filed tariffs.

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<sup>15</sup> It would also be helpful for the Commission to affirm that the term "simultaneous voice conversation services" includes what are commonly known as "GAB" or "chat" lines. Some chat line providers have argued that their programs fall outside the scope of the TDDRA if they provide no "commercial speech" as part of the program. In other words, if a caller is merely connected with other callers and the IP refrains from having an employee participate on the call, the IP asserts that its program is not an information service. The Commission should expressly state that such programs fall within the protection of the TDDRA.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By   
Robert M. Lynch  
Richard C. Hartgrove  
J. Paul Walters, Jr.

Attorneys for  
Southwestern Bell Telephone Company

One Bell Center, Room 3520  
St. Louis, Missouri 63101  
(314) 235-2507

October 10, 1994

documentation available.

Customized marketing reports are now being offered by many of the better service bureaus. With customized reports, the service bureau transforms the carrier's magnetic tapes of raw call data into whatever format you may desire. For example, you may want to know the average call length and area code breakdown of those callers that called at least once a week for the entire month.

You might also desire to have statistics as to where within the program the callers are going. Better service bureaus are able to track this helpful information which will enable you to alter updating techniques to maximize call volumes to your program.

#### TRANSCRIPTION AND FULFILLMENT

Transcription and fulfillment involve the listening and recording of names and addresses left by callers on the audiotext system and the actual mailing to callers of any offering related to the program. Some larger service bureaus offer transcription services in-house. Service bureaus that are serious about transcription offer customized software to improve the transcription quality. Some of the software currently available has all of the street addresses and cities and towns in the nation included in its database. If, for example, the caller does not mention her zip code, the software will automatically insert it. It even corrects street addresses within a specified city.

#### AUDIO RECORDING QUALITY

Telephone sound travels on analog lines. Therefore, you'll never expect your telephone to sound as good as your stereo. Sound quality is of importance, however, and can increase caller satisfaction.

Today, even the most primitive bureaus have remote updating capabilities. I recommend that IPs update directly

into the system rather than making audio tapes. Direct updating eliminates a generation and improves overall sound quality. It's also nice if the service bureau has a sound studio that can mix background music, sound effects and provide professional voice.

#### MEDIA AND ADVERTISING

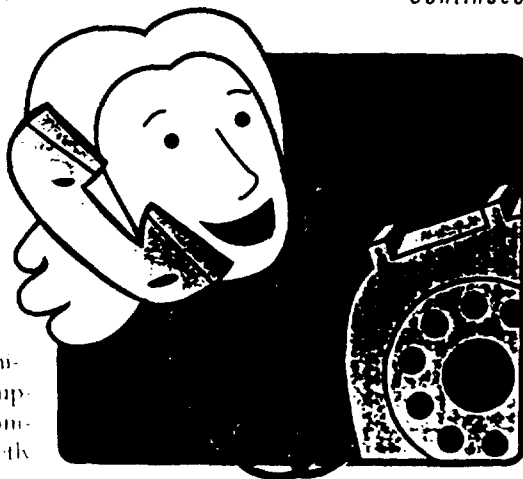
Years ago, several service bureaus attempted to establish themselves as the "one-stop shopping place" for audiotext. As often happens when companies try to be too many things for too many people, they often did nothing very well.

Let the service bureau be the experts in processing your calls, but don't think that they are advertising agencies. While many bureaus have established excellent media contacts, none are completely adept at promoting your product for you. After all, why does Procter & Gamble work with scores of advertising agencies? Certainly they could afford to bring such services in-house, probably at considerable savings. The answer is that they are too close to the product to offer innovative promotional ideas. If you can't do it yourself, hire a direct marketing company with audiotext experience and leave the call processing to the bureau.

#### REACHING ROTARY CALLERS

The rotary dial market is certainly not one to be ignored. According to The Yankee Group, a Boston-based re-

*Continued*

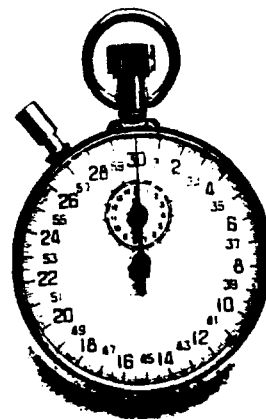


800  
Calling Card  
Tiring!

Credit Card  
Slowing!

900 Service  
Dropping!

Stay Ahead  
Of The Race!



#### 10XXX Audiotext Of The Future!

We are all aware that ongoing changes in the 800 pre-subscription industry have created severe restrictions regarding the usage of this mechanism for payment of Audiotext Services

Global would like to introduce the concept of 10XXX Long Distance Reselling. As an advertiser you will have your callers dial 10XXX-1-NPA-NXX-XXXX, a regular long distance Call! Global will bill it at our tariffed rate of \$1.99-\$3.99 per minute and you (the advertiser) will receive a commission. We'll even offer factoring for 7 to 30 day payment

Do Business With Someone  
You Can Trust.

1-800-882-9215

GLOBAL<sup>TM</sup>  
NETWORK SERVICES

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groups—within 298 miles and beyond 299 miles. Since 50 percent of the nation's population lives in the Eastern time zone, this move has provided a slight competitive price advantage to those bureaus located within the heavy population corridor from Boston to Washington, D.C.

Now, you may decide that you prefer dealing with a service bureau in your region. That's fine and it may have benefits. It will certainly make it easier to meet your business partners; and, if something goes wrong, it will be easier to make your presence felt!

#### FINANCIAL STABILITY

When you go to open a bank account at a bank, one of the first things you'll probably look for is that little FDIC sticker on the front door. This insures that you will get everything back that you have coming to you in case the bank is mis-managed or suffers some financial setback.

While service bureaus don't have little stickers on their front doors, you should be extremely careful as to your chosen bureau's ability to continue to serve you. Ask for a client list to gauge the stability of its clientele. If it works only with small entrepreneurs and does not have a list of media partners or large corporate clientele, be especially cautious.

With 900, get references from experienced IPs as to the payment schedule of the bureau. If they use multiple bureaus, are they the first to pay or one of the last? Finally, be sure that you check out the diversity and quality of the programming. Make sure that you don't go with a bureau that has all of its eggs in one basket.

No single account should represent a disproportionate share of the bureau's revenue.


#### INTERNATIONAL OPPORTUNITIES

British Telecom wants to buy 20 percent of MCI for \$4.3 billion. MCI has purchased shares of the Canadian telephone consortium, Stentor. France Telecom and Deutsche Bundespost Telekom will pay \$4 billion for 15 percent of Sprint.

Increasingly, large corporations, the customers the carriers covet the most, have operations in foreign countries. They demand hassle-free telecommunications wherever they do business. They don't want to be bothered by incompatible equipment and poor customer service. Since no single telephone company can provide that, especially when so many countries still maintain a nationalized phone service,

companies are banding together to offer their services.

The world is shrinking, even in our little audiotext business. Progressive audiotext companies that recognize the importance of a global network will be among the strongest as we

enter the second half of the 1990s. If you operate a successful program in the United States, a service bureau that can easily take you to other countries offers an outstanding enhancement to its services. 

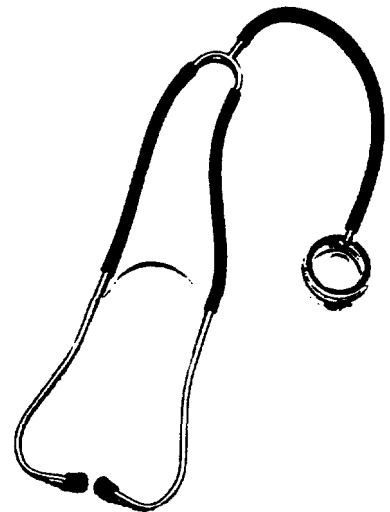
BOB BENTZ IS DIRECTOR OF MARKETING AT ADVANCED TELECOM SERVICES, A SERVICE BUREAU WITH OFFICES IN PHILADELPHIA, LONDON AND HALIFAX, NOVA SCOTIA. PORTIONS OF THIS ARTICLE ARE EXCERPTS FROM HIS 160-PAGE BOOK, "OPPORTUNITY IS CALLING—HOW TO START YOUR OWN SUCCESSFUL 900 NUMBER," WHICH IS AVAILABLE THROUGH BOOKS IN PRINT AT YOUR LOCAL BOOK STORE, OR BY CALLING ATS AT 800-247-1287.

# 10XXX Audiotext Of The Future!

800 Calling Card  
Dead!

•  
Credit Card  
Dead!

•  
900 Service  
Dying!



Don't Die  
With The Rest  
Of Them!

We are all aware that ongoing changes in the 800 pre-subscription industry have created severe restrictions regarding the usage of this mechanism for payment of Audiotext Services.

Global would like to introduce the concept of 10XXX Long Distance Reselling. As an advertiser you will have your callers dial 10XXX-1-NPA-NXX-XXXX, a regular long distance Call! Global will bill it at our tariffed rate of \$1.99-\$3.99 per minute and you (the advertiser) will receive a commission. We'll even offer factoring for 7 to 30 day payment.

Do Business With Someone  
You Can Trust.

1-800-882-9215

**GLOBAL**<sup>TM</sup>  
NETWORK SERVICES

# 900 Cash Flow

usage is a widespread perception by the average person that there are no compelling 900 programs out there. Also, the perception lingers that the 900 service category in general adds significant costs to the monthly phone bill. While these findings are sobering, they are not structural, and can be overcome by the introduction of more value-added programs that are reasonably priced.

In the past, Strategic Telemedia's forecasts of the 900 industry (see *Info-Text*, January 1991, December 1991, January 1993 and December 1993) have focused on retail revenues—the gross billings of all information providers—as the baseline for measuring growth (or downsizing, as happened from 1991 to 1992). However, the reduction of the price of the average 900 number service has masked

the growth in call traffic.

While revenue growth from the disastrous 1992 to the more upbeat 1993 is only eight percent, growth in annual call volume is up 10 percent. What follows is a discussion of the key 900 service categories.

## ENTERTAINMENT

In the early days of 900, this category was a major contributor to retail billings based on adult programming. With the migration of at least \$100 million in retail billings to 800-number service with credit card billing, this category has lost some of its punch.

However, it has benefited from a healthy business in psychic lines, which are classified by Strategic Telemedia as entertainment programs. While not experiencing major growth on their own, psychic lines have con-

## WHILE 900 REVENUE

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### UP 10 PERCENT.

tinued to prove a staple for the 900 industry, and have been a force in stabilizing pricing, with average price per call still above \$3.

## PERSONALS

The amount of business generated by 900-number personals continues to grow, despite competition from local 976 services and the efforts of some suppliers to migrate their newspaper clients to 800-based delivery channels.

## INFORMATION

This year's forecast shows the information category in third place, lagging behind entertainment and personals. Because information includes basic

*Continued*

## The Ultimate **ADULT** *Service Bureau*

**Dropping 800 \$'s!**

**Payment Options Decreasing!**

**Let US NET provide you with an  
Innovative NEW Service...**

# 10XXX!

Callers dial a regular long distance call at a tariffed rate of 2.99-3.50/min. and you (the advertiser) receive a **guaranteed** commission. A low start up fee of \$100 per line gets you going!

A new solution to the pre-subscription restrictions. Expand your program with...



**U.S. NETWORK SERVICES**

**Sample Program  
105091-604-643-3999**

*Why Wait? Call Now!*

**Contact Debra MacCurdy  
PH: 206-286-4512 FAX: 206-286-5298**

## THE PROFITABLE ALTERNATIVE

### THE GROWING SUCCESS OF 011 AND INTERNATIONAL AUDIOTEXT SERVICES

With growing pressures on 900 services and credit card billing mechanisms, leading US and European information providers are discovering the rewards and benefits of utilizing international audiotext platforms..

The concept of international audiotext is simple, international carriers with network capacity are interested in on-selling this capacity at a discounted rate in order to attract traffic. This discount, in effect becomes the revenue available to information providers whose service generates incremental international traffic.

VISL is one of the largest international audiotext service bureau in the world offering termination in Hong Kong and the Dominican Republic. The service base offers:

- Excellent rates
- 30 day payment terms
- No upfront service costs
- Daily call statistics
- 24 hour technical support
- Liberal content restrictions

The international audiotext industry was worth in excess of US\$800 million last year, if you haven't already discovered how to exploit this unique opportunity call VISL today.

## DOMINICAN REPUBLIC TERMINATION TO OPEN IN EARLY AUGUST Expanding the International Network

To improve the breadth and competitiveness of its International Premium Rate Service, VISL is establishing a select number of new termination points. Having recently signed an agreement with Codetel, VISL will be launching a full range of audiotext and fax services terminating in the Dominican Republic in mid August, 1994.

The DR offers excellent connectivity and rates as high as US\$0.73 cents per minute. For US IP's, the Dominican Republic, although an international platform, uses the North American dialing plan (1-809-XXX-XXXX).

To ensure maintenance of the excellent service reputation that VISL has established in the Hong Kong bureau, the same WTS equipment platform will be utilized in the Dominican Republic.

In addition to a full complement of audiotext and fax services, VISL's Dominican Republic service will offer monitored chat services in English, French, Spanish, German and Italian. Similar to the Hong Kong offering, statistics will be provided on a daily basis and IP's will be able to utilise the systems voice front-end to enhance service.

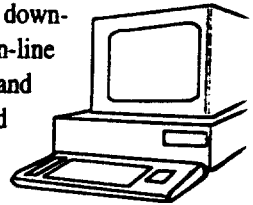
## FOR THE RECORD

VISL bureau operations in Hong Kong generated a record 6 million minutes of traffic in June 1994.

## ON-LINE NEWS

## Welcome on-board the Oriental Express

The Oriental Express BBS is a turn-key on-line computer service offered by VISL behind the international premium rate facilities of the Hong Kong bureau. The contents of the BBS include shareware, download/on-line picture and video clip files, downloadable and on-line games, forums and letters areas, and conferencing.



The Oriental Express has 64 ports running behind eSoft TBBS system software and is ANSI/RIP compatible, in fact the system has been chosen by the developers of RIPscript to trial its latest software pre-release. The system features software to allow for on-line view of files prior to download and sophisticated chat software.

As a turnkey service, information providers wanting to publicise the Oriental Express board may do so by applying for a gateway access number +852 172 98 XXX. To sample the Oriental Express, use your modem to dial Hong Kong on +852 172 98 900.

Information providers who promote this turnkey BBS service will receive up to US\$0.40 per minute of access they generate. Statistics will be issued weekly with daily statistics in the near future.

For more information on the Oriental Express BBS contact:

Brian Wilcox in Hong Kong on  
+852 594 0688 or fax +852 519 7629.

# 900 Cash Flow

applications such as sports, weather, stock quotes and the like—all of which are readily available through other channels as well as suffering severe competition within the 900 market itself—price erosion is a continuing problem.

On the bright side, niche information markets have picked up momentum in 1993, and will contribute the most growth in this category. Exam-

ples include government voice and/or fax services at the municipal and state levels. These types of applications typically are priced at the self-liquidating level, and are a factor in dragging down the average retail price per call.

## TELEPROMOTIONS


This year several subcategories of telepromotions have been added to the category, including dealer locators,

couponing and sampling, other forms of lead generation and sweepstakes—the major contributor to the category.

All of these applications are routinely conducted via 800-number promotions, and the challenge for 900-number marketers is to migrate sponsors to their side, rallying under the banner of cost liquidation. While there is no doubt that sponsors have increasingly become wary of the cost of 800-number use in a telepromotion, which have impacted heavily on corporate telecom bills this year's revenues for the entire telepromotions category is actually down from last year's share of total billings.

However, the success of major 800-based telepromotions such as Coca-Cola's *Monsters of the Gridiron* (see *InfoText*, February 1994) which generated 34 million calls, must inevitably bring some sponsors to an appreciation of cost containment via 900. As 800-based telepromotions bring bigger audiences with a corresponding price tag, the success of phone solutions will, hopefully, spill over to 900.

## MEDIA STIMULATION

This is a new category based on previous forecast's polling and surveying segments. The term media stimulation (i.e., polling) is used to cover the growth in the variety of print and TV-based 900-number programs. Examples include the interactive games sponsored by The Family Channel as well as the more traditional audience polls sponsored by Fox to increase viewer retention. Other campaigns, such as Turner's Win A Hog sweepstakes, show that when a 900 telepromotion is closely tied to program content (this application was wrapped around a two-part special on the Harley Davidson motorcycle), the results can be quite impressive. 

THE INFORMATION CONTAINED IN THIS ARTICLE IS BASED ON RESEARCH CONDUCTED BY NEW YORK-BASED STRATEGIC TELEMEDIA WHICH APPEARED IN TELEMARKETING NEWS AND VIEWS, A MONTHLY NEWSLETTER PUBLISHED BY OPUS RESEARCH, ITS SAN FRANCISCO-BASED AFFILIATE. STRATEGIC TELEMEDIA CAN BE REACHED AT (415) 366-0895. OPUS RESEARCH CAN BE REACHED AT (415) 239-0244.

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# Pro Choice.

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**FOUR DIFFERENT CARRIERS**

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• Personal Adult Star Fantasies • National Dateline  
• Psychic Lines • Live Astrology Lines  
• Live Alternative Lifestyle Lines

**SIX DIFFERENT BILLING OPTIONS**

• 100 Operator Services on AT&T for as low as .70¢ per minute  
• Payout of \$1.40 per minute for 800 International Redirect  
• Guaranteed Payout of \$1.30 per minute for 900 Services Billed by VRS  
• Payout up to \$1.30 per minute for 10658 numbers  
• Credit Card Billing  
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# American TelNet Goes International with Innovative New Ways to Higher IP Profits

**N**ineteen Ninety-Three was a fabulous year for American TelNet and our IPs. 1994 has been even more profitable, with the outlook for the rest of the year looking equally as bright as we enter the international audiotext marketplace with several new services. Thanks to a series of innovative, profit-generating programs and billing procedures, American TelNet, in just two years, has become the largest service bureau in the 800/900 audiotext industry. We're immensely proud of our accomplishments and greatly appreciate the continuing support of our IPs.

## Initial Tests Show Excellent Results

Selecting the international area for initial tests of a new 809 service, our first offering of live GAB/CHAT lines has shown extremely positive results. The new service is now being expanded and IPs are already receiving additional revenue as a result of the international connection which now includes European service to Portugal.

## 10XXX Service is Next On Line for ATN

Research and development on our newest service, 10XXX, a new way for people to use pay-per-call services, is now on "fast forward" at ATN, and we are expecting great results from this new program. Our automated 10XXX program will eventually offer our menu of entertainment programs. Once again, ATN is leading the way in creating new opportunities for IPs to realize additional revenue through new ad campaigns or by tagging existing services without additional advertising costs.

## They Switched for the Profits. They Stayed for the Service.

From American TelNet's inception in 1992, our primary objective has been to produce more profits for our IPs. We reached this goal by introducing innovations such as the much imitated Calling Card Program. American TelNet was the first to introduce the Collect Callback Program, and the first to eliminate chargebacks with a 15-day guaranteed payout.

We pride ourselves on providing daily reports and on-line call details to assist the marketing efforts of our IPs. American TelNet has also developed the most efficient processing arrangements for MasterCard/Visa available in the industry today, all of which has contributed to our becoming the premier service bureau in the 800/900 audiotext industry in a remarkably short period of time.

While greater IP profits will always be our primary goal, American TelNet's current focus has been on maximizing the quality and reliability of our service: program development that produces longer "hang time" and repeat customers; continuous upgrading of equipment to virtually eliminate call surges; greater control and effectiveness by developing innovative, profitable programs with our own billing and collection services, all of which places us above the rest.

## American TelNet...The Service Bureau with Solutions

At ATN, you don't need to have your own MasterCard and Visa merchant account. We provide it, along with a guaranteed payout. We offer the industry's widest selection of proven Adult Entertainment and Psychic programming in English and Spanish, as well as Alternative Lifestyles.

## The Choice is Yours!

Whether you elect to participate in ATN's guaranteed combo credit card/calling card service, or utilize your own merchant bank account in conjunction with the existing guaranteed payout calling card service, American TelNet will effectively help manage your business in the most profitable manner possible.

Here at American TelNet, we're proud to be called "The Smarter Choice in 800/900 Audiotext." That's because we offer you the best service, the best prices and unquestioned stability. So, why deal with anyone else when you can work with the leader. To hear more about what American TelNet can do for you, call Bill Rivell or John Coleman at 302-651-9400.